



State of Delaware
Office of Auditor of Accounts
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At a Glance

Working Hard to Protect YOUR Tax Dollars

Why We Did This Analysis

State employees retiring and subsequently returning to State employment are double dipping from State funds by collecting both a State pension and a State paycheck. AOA performed this analysis to determine the amount paid in fiscal year 2009 and fiscal year 2008 to these employees, to determine the cost savings associated with the reduction of this practice.

Background

The State has had a large number of experienced employees eligible for retirement in the past few and next upcoming years. Succession planning is not appropriately performed sufficiently in advance of retirement vacancies, resulting in the agencies bringing back retired employees on State payroll to essentially perform the same job functions they had as State employees.

The State Employee's Pension Plan (the Plan) requires an employee to have five (5) years of credited service in order to be vested in the Plan. Employees are eligible for retirement benefits at age 62 with five years of credited service, age 60 with 15 years of credit service, or any age with 30 or more years of credited service.

For further information on this release, please contact:

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COST SAVINGS REVIEW - AMOUNTS PAID TO REHIRED RETIREES, WHO ARE ALSO SIMULTANEOUSLY RECEIVING STATE PENSION PAYMENTS

What We Found

AOA obtained a cumulative list of State of Delaware retirees through June 30, 2009. The list was then cross-compared to the payroll paid to State employees from July 1, 2008 through June 30, 2009 to determine how much payroll was paid to formally retired State employees subsequent to their retirement date in the State payroll system, PHRST.

For employees who retired during fiscal year 2009 (July 1, 2008 – June 30, 2009), AOA noted the following:

Total Payroll Paid to Retired Employees During the Period	\$45,386,087
Payroll to Retired Employees Before Retirement	27,885,342
Payroll to Retired Employees After Retirement	<u>\$17,500,745</u>

Performing the same analysis above for the prior fiscal year 2008 (July 1, 2007 through June 30, 2008), AOA noted the following:

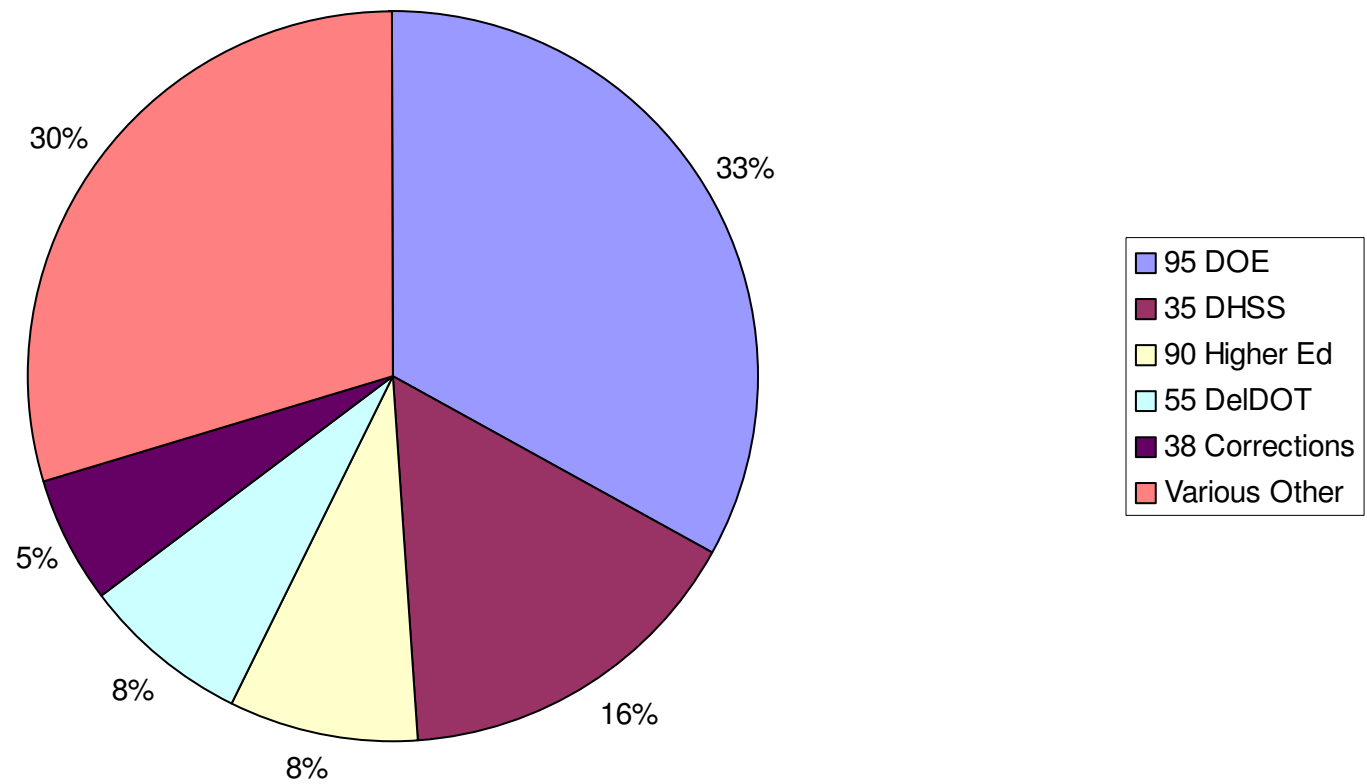
Total Payroll Paid to Retired Employees During the Period	\$56,412,512
Payroll to Retired Employees Before Retirement Dates	40,154,850
Payroll to Retired Employees After Retirement Dates	<u>\$16,257,662</u>

See [Attachment A](#) for pie charts that breakout the total payroll to retired employees after retirement dates, for FY2009 and FY2008, by State agency. (Note: All State agencies with 5% or greater of the total are shown individually; agencies with less than 5% of the total are aggregated into the Other category.)

What We Recommend

AOA recommends a Statewide review of rehired retiree positions to determine those that represent a true business need and those that can be eliminated. In addition, the State practice of rehiring individuals immediately following retirement is directly related to poor transition workforce and resource planning at the State. Processes should be in place to cross-train positions well in advance of expected retirement dates for key positions.

**BREAKOUT OF PAYMENTS TO REHIRED RETIREES,
BY STATE AGENCY (FY 2009)**



**BREAKOUT OF PAYMENTS TO REHIRED RETIREES,
BY STATE AGENCY (FY 2008)**

